

CARD GAMES DEPARTMENT

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

CARD GAMES DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:**_____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:**_____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the card games department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Card Games in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Card Games Gross Revenue					
2. Is all compensation received from conducting card games included in gross revenue? Regulation 6.110					
3. Are card room bank and card table bank overages/shortages excluded from the computation of gross revenue? Regulation 6.110					
4. Are shill wins and losses excluded from the computation of gross revenue? Regulation 6.110					

E = Confirmed via examination/review
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Card Games Rake-Off/Time Buy Ins 5. Does each card table have one card game drop box with a drop slot located at least four inches in front of the table tray, and to the right thereof, or drop slot located at least two inches to the right of and even with the top right-hand corner of the table tray with a cover over the drop slot, which when activated will cause the rake to drop directly into the drop box? Regulation 23.025					
6. Is cash or chips received for the sale of stakes not commingled with any rake-offs or other compensation received by the licensee from the players for the right to play? Regulation 23.030					
7. Are rake-offs limited to 10% of all sums wagered in the hand? Regulation 23.050					
8. Are rake-offs only pulled from the pot by the dealer in an obvious manner after each wager and call or at the completion of the hand? Regulation 23.050					

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9. Is the rake-off placed in a designated rake circle? Regulation 23.050					
10. Does the rake then remain in the designated rake circle until a winner is declared and paid, and then dropped into the card game drop box? Regulation 23.050					
11. Is the rake circle clearly visible to all players and located as required in Regulation 23.025 ?					
12. Are all time buy-ins or other fees charged, immediately placed into the card game drop box? Regulation 23.050					
Walk-Through of Drop and Count Procedures					
13. Per discussions and/or examination of the drop box release key control log (if applicable), is the drop performed only at the submitted times, even when game activity concludes prior to that time? Regulation 6.130					

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14. Are all card game tables and corresponding drop boxes permanently numbered and visible at a distance of twenty feet? Regulation 23.025					
15. Are the marker buttons removed only by the dealer after the transaction has been completed? Regulation 23.040					
16. If there is no card room bank, has written approval been obtained from the Board to use a cashier's cage in lieu of a card room bank? Regulation 23.045					
17. Are card room banks used exclusively for the purpose of the issuance and receipt of shill funds, the maintenance of card table banks used in card games, and the purchase and redemption of chips by players? Regulation 23.045					
18. Are all card table banks used only for the purpose of making change or handling player buy-ins? Regulation 23.045					

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Shills/Proposition Players					
19. Are shills restricted from checking and raising or playing in any manner between themselves or in collusion with others to the disadvantage of other players within the game? Regulation 23.065					
20. Is a sign displayed that is legible from each table which states: "Nevada Gaming Regulations allow the use of shills and proposition players. Shills and proposition players shall be identified by management upon request"? Regulation 23.065					
21. Are employment records maintained on each individual engaged as a shill or proposition player? Regulation 23.065					
22. Is a list of all shills and proposition players maintained at the card room bank and readily available for inspection? Regulation 23.065					

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23. Are procedures maintained which ensure that all advances to a shill and winnings of a shill shall be utilized only for wagering in card games and are turned into the card room bank at the conclusion of play? Regulation 23.065					
24. Are persons who participate in the management or supervision of games subject to Regulation 23 permitted to act as a shill or proposition player in the establishment where employed only when supervision is otherwise provided? Regulation 23.065					
25. Does the licensee provide that:					
a. No more than two proposition players may play in a card game and no more than a combination of four shills and proposition players may play in a card game? Regulation 23.065					
b. Shills may only wager chips or coins? Regulation 23.065					
c. No dealer may wager in any game in which he is dealing? Regulation 23.070					

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d. No stakes players are utilized? Regulation 23.070					
Card Games Rules					
26. Are the rules of each game posted and clearly legible from each table? Regulation 23.080					
27. Do the posted rules designate the following: The maximum rake-off percentage, time buy-in, or other fees charged, the number of raises allowed, the monetary limit of each raise, the amount of ante, and other rules as may be necessary? Regulation 23.080					
28. If credit is issued to card game players, is credit play not deducted from gross revenue? Regulation 6.120(1)					
Surveillance					
29. Is adequate video surveillance provided over the card games area? Regulation 5.160(9)					

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Free Play and Promotional Items 30. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
In-house Progressive Payoff Schedules 31. Scan progressive meter readings for the most recent two weeks and determine that: a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110 b. The payoff amount has not been decreased except as allowed by Regulation 5.110 . (Any reduction should be supported by appropriate documentation.)					
32. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					

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TESTING PROCEDURES

OBJECTIVES: To determine if controls for card games are adequate to ensure card games revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the card games walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day per year.

Indicate Test Date: _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up.

Note W/P Ref.: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		
2. Foot the initial recordings of the individual card tables cash drop and compare to the recorded total.		

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<p>3. Trace all of the employees' names whose signatures appear on the count documentation to the quarterly count personnel list required by Regulation 6.130.</p> <p>Note: If the test date falls in the current quarter and an employee was hired during the current quarter, indicate the date the employee started in the count and complete the step for this employee during the next card games department contact.</p>		
<p>4. Trace the total cash drop to the casino cage accountability or cash summary sheets, as applicable.</p>		
<p>5. Trace the card games win/loss on the card room summary to the monthly revenue journal.</p>		
<p>6. For the month in which the test day was selected, foot the win/loss amounts in the monthly revenue journal. Trace the win/loss from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.</p>		
<p>7. Determine that shill play, free play and promotional items are not components in the calculation of reported card games revenue.</p>		
<p>8. If promotional pots and pools have been offered, for one test day, review a cash reconciliation form to determine that at least once a day, increases/decreases to the progressive sign/meter were reconciled to the cash previously counted or received by the cage.</p> <p>Note: Indicate test day if different from above.</p>		
<p><u>Procedures Modified or Added</u></p>		